

INCOMING TELEGRAM*Department of State*

57-L

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Action

Classification

Control: 17212

EUR

Rec'd: January 29, 1959
6:54 p.m.

Info

FROM: Luxembourg

RMR

TO: Secretary of State

SS

NO: COLUX 151, January 29, 8 p.m.

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SENT DEPARTMENT COLUX 151, BRUSSELS COLUX 31, BONN COLUX 41,
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In explaining HA decision establish 5 million ton duty-free import level for Germany Spierenburg made certain points in addition those sent (#).

1. In view German Parliamentary debates schedule for today, HA decision to counter German action had to be taken immediately or not at all. While HA considered merits of awaiting results of industry consultations in US and possibility of discussions with US in advance of decision, it became evident that any postponement at this point would mean de facto concurrence in German measure. Furthermore HA had had to take into account there was no assurance whatsoever of US willingness to negotiate if HA action had been postponed.

2. It was of vital importance to ECSC and to European integration that HA should take measures currently necessary in a community framework, rather than admit independent action by a member state of type seriously detracting from its authority.

3. Decision was very difficult for HA to take in view fact that Adenauer, a staunch supporter of ECSC and European integration, had invoked his personal influence and prestige to rally support for German restrictions and had protested by telegram in his

own name

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own name to HA communique which foreshadowed present action.

4. Although he recognized US would probably be disappointed in figure which the HA was setting, he personally was firmly persuaded this was the best that could be arrived at. Only possible alternatives given differing views HA members were to set a lower figure, to concur in German action, or to take no action, any one of which would have given results less satisfactory to US. Failure to take action re imports into Germany at this point would have meant further deterioration in coal situation leading rapidly to community-wide import restrictions under Article 58 and 74, which he considered would also be less acceptable to US. Political consequences for European institutions of these alternatives would have been heavily unfavorable.

5. Although it had not been possible to delay HA decision, HA was still prepared discuss coal situation with US if this was desired. In answer to our inquiry Balladore subsequently stated HA had nothing concrete to propose in this regard and should not be interpreted as taking an initiative to convene such discussions. Only bare possibility of flexibility at present time he could see in 5 million figure was tffyyt* again to strong reaction to German measures on part of US Executive branch, Congress, labor, coal management and railroads; noted we had informed Washington of political context in which HA was acting and would of course communicate additional points that Spierenburg had made; stated that while we could not anticipate what position US Government would take, there was bound to be disappointment that HA had not set a higher duty-free figure. When pressed on meaning of reference to possibility of changing duty-free import level with changing circumstances, Spierenburg confirmed, with Wehrer's concurrence, that this meant that figure would be raised if German coal consumption increased. (Mission will send separately analysis of HA calculations and assumptions on which duty-free figure established.) When queried re US component of 5 million total figure, Spierenburg said this had not been established but referred to principle of non-discrimination among exporters on which HA insisted. Balladore stated that HA acting under Article 74 paragraph 3 to make

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recommendation to Federal Government, which under treaty would be binding with respect to objectives but leave to Federal Government choice of appropriate means for their attainment. He said that division of duty-free quotas might accordingly be left to German Government. He thought it reasonable to assume however that share of US exporters in the increase (#) would be at least proportional to that contemplated by Federal Republic in its original announcement. Vinck, Market Division co-Director, later estimated probably US portion of quota at around 4 million tons and British portion at around 400,000 tons.

In several cases above comments refer to previous meeting with Spierenburg on Tuesday, following receipt LUXCO 176, sent Bonn 1619. At that time Spierenburg was handed note containing copy of the presentations in paragraph 2 that telegram and was informed of other Department views contained that telegram to extent considered appropriate, including paragraph 4 C. He was also pressed in any event not to retreat from higher import figures for Germany which HA had previously favored.

At that time, Spierenburg again stressed political importance he attributed to counteraction by HA. He said that while he personally favored higher level of duty-free imports, it was uncertain whether he could get HA majority to oppose German action on any basis, and that figures 4.5-5 million which he had previously mentioned (COLUX 145) were highest that seemed at all possible of acceptance.

BUTTERWORTH

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(#) Omissions. Corrections to follow.

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